

Who wins and who loses as Turnbull government moves toward childcare victory ^[1]

Author: Knott, Matthew

Source: The Border Mail

Format: Article

Publication Date: 22 Mar 2017

AVAILABILITY

Read online ^[2]

EXCERPTS

The Turnbull government is on the verge of breaking a two-year deadlock on childcare reform after it jettisoned \$8 billion in welfare savings it had controversially tied to childcare fee relief.

Families with young children in childcare will be up to \$3400 a year better off under the changes, although family payments will be frozen for two years under a compromise deal struck with the Senate crossbench.

The government on Wednesday bowed from pressure and split its childcare changes from an "omnibus" bill that would have cut welfare payments to single mothers, pensioners, young people and the unemployed.

The government also de-coupled its \$1.6 billion childcare package from a plan to abolish family tax benefit supplements worth up to \$726 a year per child.

Senate crossbenchers instead agreed to freeze Family Tax Benefit Part A and B payments for two years, rather than allowing them to increase at inflation, which will save \$2.4 billion over three years.

Wealthy families earning over \$350,000 a year will also be banned from accessing childcare subsidies under a deal with the crossbench.

What's out

- Four-week wait for the dole for jobseekers aged under 25
- Increasing age of eligibility for unemployment benefits from 22 to 25
- Abolishing the Energy Supplement, worth up to \$14 a fortnight, for new welfare recipients
- Stopping pension payments to Australians who travel for more than six weeks overseas
- Capping government-funded and employer-paid parental leave at 20 weeks a year

What's in

- \$1.6 billion in extra spending on childcare through a new means-tested subsidy
- \$7500 annual childcare rebate cap abolished for most families
- Freeze on Family Tax Benefit Part A and B payments for two years
- Families earning over \$350,000 a year banned from childcare subsidies

The deal clears the way for the childcare changes to pass Parliament by Thursday - two years after then social services minister Scott Morrison first announced the overhaul. Government sources said they were hopeful of both the childcare package and savings measures passing by the end of the week.

It would be a much-needed legislative victory for the government ahead of the May budget and a likely defeat on proposals to water down the Racial Discrimination Act.

Independent senator Nick Xenophon said the new savings measures were a "significant improvement" on previous proposals that would have had a "devastating" impact on families.

"This is a breakthrough," Senator Xenophon told Parliament.

"This is not ideal but this is, in my view, the least worst option in dealing with these issues in a way that will not cause severe hardship to many thousands of families as was proposed in the omnibus bill."

The omnibus bill would have scrapped the energy supplement for new recipients, required jobseekers under 25 to wait four weeks before accessing income support and cut the pension to pensioners who spent more than six weeks overseas.

The government has also shelved a plan to put a 20 week cap on the paid parental leave that parents can access from employers and the government.

Independent senator Derryn Hinch revealed he had struck a deal to strip childcare subsidies from families earning a combined income over \$350,000 a year. This will affect around 15,000 families.

Prime Minister Malcolm Turnbull said the childcare changes were "a very important social and economic reform" that would allow low-income families to access childcare for as little as \$15 a day.

The reforms will replace the current rebate and subsidy with a single-means tested payment targeted at low-income families with high workforce participation.

The \$7500 annual rebate cap will be abolished for families earning up to \$185,000 a year.

According to cameos distributed by the government, a family on a combined income of \$80,000 with two children in childcare would be \$3424 a year better off a year under the reforms.

A family earning \$150,000 a year with one child and both parents working full-time would be \$813 better off a year.

This would be offset for some families by the freeze in family tax payments.

-reprinted from The Border Mail

Region: Australia and New Zealand ^[3]

Tags: subsidy ^[4]

budget ^[5]

parental leave ^[6]

public policy ^[7]

child care reform ^[8]

Source URL (modified on 27 Jan 2022): <https://childcarecanada.org/documents/child-care-news/17/03/who-wins-and-who-loses-turnbull-government-moves-toward-childcare>

Links

[1] <https://childcarecanada.org/documents/child-care-news/17/03/who-wins-and-who-loses-turnbull-government-moves-toward-childcare> ^[2]

<https://www.bordermail.com.au/story/4548934/who-wins-and-who-loses-as-turnbull-government-moves-toward-childcare-victory/?cs=12> ^[3]

<https://childcarecanada.org/category/region/australia-and-new-zealand> ^[4] <https://childcarecanada.org/category/tags/subsidy> ^[5]

<https://childcarecanada.org/category/tags/budget> ^[6] <https://childcarecanada.org/category/tags/parental-leave> ^[7]

<https://childcarecanada.org/category/tags/public-policy> ^[8] <https://childcarecanada.org/category/tags/child-care-reform>